



A COMMUNITY OF POSSIBILITIES

JOIN MEETING
Midcrown Senior Pavilion
5414 Midcrown Dr.
San Antonio, TX 78218

BOARD OF COMMISSIONERS

Gabriel Lopez
Chair

Gilbert Casillas
Vice Chair

Barbara Ankamah Burford
Commissioner

Dalia Contreras
Commissioner

Estrellita Garcia-Diaz
Commissioner

Janet Garcia
Commissioner

Leilah Powell
Commissioner

ACTING PRESIDENT & CEO

Michael Reyes

**FINANCE COMMITTEE MEETING
*OR SPECIAL BOARD MEETING
1:00 p.m. | Wednesday | November 20, 2024**

If this meeting becomes a Special Board Meeting, at least four Commissioners will be physically present at this location and the Presiding Officer will also be present at this location.

MEETING CALLED TO ORDER

1. The Board of Commissioners or its Committee may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board or Committee reserves the right to enter into closed meeting at any time during the course of the meeting.

CITIZENS TO BE HEARD

2. **Citizens to be Heard** at approximately 1:00 p.m. (may be heard after this time) Citizens wishing to speak on any issues, including ones not related to items posted on the agenda, should personally request to be placed on the Citizens to be Heard roster prior to 12:45 p.m. Citizens will be given up to three minutes to speak. Each citizen will be permitted to speak only once. A Spanish/English translator will be available to citizens needing translation.

Now is the time for Citizens to be Heard. The Board asks the public to address concerns related to Opportunity Home matters and policy and not include statements that may be considered defamatory of any individual. The Board encourages members of the public to direct specific concerns or problems to Opportunity Home staff for more prompt resolution. The Board will not discuss the comments of speakers or respond to speakers during the Citizens to be Heard portion of the agenda.

DISCUSSION ITEMS

3. Update and discussion regarding the Quarterly Financial Report (Aaron Sladek, Director of Finance and Accounting)
4. Update and discussion regarding the Quarterly Internal Audit Report (Allison Schlegel, Director of Internal Audit)
5. Adjournment

Posted on: 11/13/2024 5:00 PM

*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed meeting to be necessary. For convenience of the citizens interested in an item preceded by an asterisk, notice is given

that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

These committee meetings may become special board meetings if a quorum of the Board attends. No final action is contemplated at these meetings.

“Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun.”

“Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly.”

OPPORTUNITY HOME SAN ANTONIO**November 20, 2024****MEMORANDUM**

To: Finance Committee

From: Michael Reyes, Acting President and CEO

Presented by: Aaron Sladek, Director of Finance and Accounting

RE: Update and discussion regarding the Quarterly Financial Performance Report for Opportunity Home San Antonio


SUMMARY:**Financial Performance Highlights**

The Quarterly Financial Report for Opportunity Home San Antonio for the three months ended September 30, 2024, is attached. The Financial Performance Report includes condensed statements of revenue and expenses for each line of business. The report summarizes the lines of business into two categories: one for Opportunity Home's core activities—housing, management, and resident services (referred to as "Operations")—and another for Real Estate Services and Capital Funds (referred to as "Capital"). The results for the three months ended September 30, 2024, reflect a Surplus Before Non-Cash Items of \$5.6 million for Operations (\$5.4 million above budget) and a Surplus Before Non-Cash Items of \$6.6 million for Capital (\$1.2 million above budget). Comparing September 2023 to September 2024, Net Operating Income demonstrated significant improvement, with an increase of \$1.3 million in Public Housing and \$2.3 million in Beacon. This positive trend was largely fueled by a reduction in Maintenance and Repair costs and an increase in Tenant Revenues. It remains essential to emphasize that the surplus of \$5.6 million in Operations was supported by MTW funding, which was allocated as follows: \$1.5 million for Public Housing operating expenses, \$5.7 million for paying off Beacon debt, and \$0.6 million for Community Development Initiatives. The remaining balance of the HUD-Held MTW funds was used to cover development costs for the 100 Labor and Snowden projects and predevelopment costs for Lincoln.

Total Operating Revenue for the Operations segment was approximately \$547 thousand below budget. Tenant revenue fell short of budget by \$1.5 million, primarily due to underperformance in the Beacon portfolio, with occupancy rates for key properties ranging from 52% to 74%, compared to a portfolio average of 82%. Grant revenue exceeded the budget by \$691 thousand, mainly from increased Section 8 administrative fees, including an additional \$180 thousand in VASH fees. Adjustments to the Housing Choice Voucher program funding provided a \$326 thousand boost. In comparison, public housing operating subsidy surpassed budget expectations by about \$203 thousand, with a proration of 98.8% compared to the 96.0% budgeted.

Total Operating Expenses ended the period at \$3.5 million below budget for Operations. Salaries and benefits were \$1.3 million under budget, reflecting effective cost management and staffing efficiency across all segments. Ordinary Maintenance and Repairs were \$880 thousand below

OPPORTUNITY HOME SAN ANTONIO**November 20, 2024**

budget, driven by a \$914 thousand favorable variance in Public Housing due to lower unit make-ready costs, maintenance supplies, HVAC repairs, and plumbing maintenance. Despite savings in maintenance supplies, Beacon had an unfavorable variance of \$107 thousand, impacted by higher garbage collection and unit make-ready costs. Other Expenses ended \$1.4 million under budget, mainly due to favorable variances of \$895 thousand in technology and licensing fees, \$383 thousand in protective services, and \$739 thousand in office-related expenses. These savings were partially offset by a \$619 thousand unfavorable variance in insurance premiums for property and liability coverage.

Total Operating Revenue for the Capital segment exceeded the budget by approximately \$49 thousand. However, the total operating expenses ended the period at \$421 thousand below the budget. Salaries and Benefits were \$197 thousand over budget, primarily due to higher administrative salaries in Real Estate Services. Other Expenses came in at \$611 thousand under budget, mainly due to favorable variances in consulting fees, although these fees are expected to increase later in the fiscal year.

Total Assets and Deferred Outflows of Resources increased by \$23.4 million, or 4.03%. Current Assets decreased by \$7.4 million, mainly due to reduced cash and investments from payment of insurance premiums, settling accounts payable, and funding of partnership operating and disposition deficits. Fixed Assets rose by \$14.6 million, driven by a \$68.9 million increase in buildings and site improvement, which stemmed from three acquisitions in the Beacon portfolio and significant capitalization of Victoria Plaza's rehabilitation. Moreover, two new ground leases contributed \$5.4 million in land additions. The overall increase in Fixed Assets was offset by routine depreciation and a \$24.6 million decrease in construction in progress. Other Non-Current Assets increased by \$16.2 million, primarily due to \$9.7 million in MTW loan advances to the Snowden partnership, two notes totaling \$4.3 million loaned from the San Antonio Housing Facility Corporation to the Potranco and Josephine LLCs, and a \$2.4 million increase in development fees receivable.

Total Liabilities and Deferred Inflows of Resources rose by \$2.7 million, or 1.24%. This increase was primarily due to a \$2.5 million rise in Current Liabilities, largely attributed to the \$4.3 million reclassification of Converse Ranch II debt, which is set to mature in November 2024. Additionally, there was a \$4.5 million increase in unearned Section 8 HAP revenue. These increases were mostly offset by the Sendero bonds' \$7.3 million payoff. Leased Assets, which include prepaid ground leases, increased by \$4.8 million, primarily due to San Antonio Housing Facility Corporation entering into two ground leases.

The Comparative Balance Sheet reflects an overall increase in Total Net Position of \$20.7 million, or 5.72%, from September 30, 2023, to September 30, 2024, due to the changes outlined above.

Supplemental Information—Funding Environment

Congress has approved a Continuing Resolution that President Biden has signed into law, extending federal government funding until December 20. Congress is set to reconvene on November 12 and will have until December 20 to negotiate bipartisan spending agreements for all 12 FY2025 spending bills, including the Transportation, Housing, and Urban Development

OPPORTUNITY HOME SAN ANTONIO

November 20, 2024

(THUD) bill, which funds essential affordable housing and homelessness assistance programs through HUD.

PROPOSED ACTION:

None.

STRATEGIC OUTCOMES:

Supports all strategic outcomes.

ATTACHMENTS:

Financial Performance Report
Cash and Investment Summary
Grants Report
Presentation

Opportunity Home San Antonio
Financial Performance Report
Condensed Statement of Revenue and Expenses - Operations
 (For the Three Months Ended 9/30/2024)
 (Unaudited)

Account Description	Public Housing			Section 8			Beacon		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Operating Revenue									
Tenant Revenue	\$ 3,038,765	\$ 3,051,512	\$ (12,747)	\$ -	\$ -	\$ -	\$ 9,617,651	\$ 11,121,307	\$ (1,503,655)
Grants	7,967,503	7,764,804	202,699	3,723,626	3,104,725	618,901	1,070,576	1,022,037	48,539
HAP Revenue	-	-	-	30,614,184	30,452,354	161,831	-	-	-
Miscellaneous Revenue	35,982	52,612	(16,630)	16,127	8,750	7,377	67,863	49,103	18,760
Total Operating Revenue	\$ 11,042,250	\$ 10,868,929	\$ 173,322	\$ 34,353,938	\$ 33,565,829	\$ 788,109	\$ 10,756,091	\$ 12,192,446	\$ (1,436,355)
Operating Expenses									
Salaries and Benefits	\$ 3,783,331	\$ 4,332,343	\$ (549,012)	\$ 1,830,614	\$ 1,956,257	\$ (125,643)	\$ 2,601,694	\$ 2,903,587	\$ (301,893)
Ordinary Maintenance and Repairs	3,061,723	3,975,394	(913,671)	8,390	12,484	(4,094)	2,466,055	2,359,485	106,570
Utilities	1,549,568	1,502,926	46,642	-	-	-	1,078,056	1,158,908	(80,852)
Other Expenses	1,887,822	2,063,728	(175,906)	592,582	659,544	(66,962)	1,179,138	1,706,485	(527,346)
HAP Expense	-	-	-	30,614,184	30,451,754	162,431	-	-	-
Management Fees	1,569,659	1,525,324	44,335	867,588	806,184	61,404	750,758	922,621	(171,863)
Total Operating Expenses	\$ 11,852,102	\$ 13,399,715	\$ (1,547,613)	\$ 33,913,359	\$ 33,886,223	\$ 27,136	\$ 8,075,702	\$ 9,051,086	\$ (975,384)
Net Operating Income	\$ (809,852)	\$ (2,530,787)	\$ 1,720,935	\$ 440,579	\$ (320,394)	\$ 760,973	\$ 2,680,389	\$ 3,141,360	\$ (460,971)
Non-Operating Income (Expenses)									
Interest Expense	\$ (50,404)	\$ (48,671)	\$ (1,733)	\$ -	\$ -	\$ -	\$ (1,439,181)	\$ (1,465,454)	\$ 26,273
Interest Income	477,315	437,164	40,150	69,800	71,275	(1,475)	266,861	349,018	(82,157)
Other Income (Expenses)	210,193	2,203,550	(1,993,357)	(7,007,328)	(3,684,698)	(3,322,630)	4,900,860	(673,843)	5,574,703
HUD-Held Fund Draws	-	-	-	7,019,154	3,934,698	3,084,456	-	-	-
Total Non-Operating Income (Expenses)	\$ 637,104	\$ 2,592,043	\$ (1,954,939)	\$ 81,626	\$ 321,275	\$ (239,649)	\$ 3,728,540	\$ (1,790,279)	\$ 5,518,819
Surplus (Deficit) Before Non-Cash Items	\$ (172,748)	\$ 61,257	\$ (234,005)	\$ 522,206	\$ 881	\$ 521,325	\$ 6,408,929	\$ 1,351,081	\$ 5,057,848
Non-Cash Items									
Depreciation and Amortization	\$ (2,469,699)	\$ (2,069,104)	\$ (400,595)	\$ (12,971)	\$ (8,301)	\$ (4,670)	\$ (1,822,975)	\$ (1,571,938)	\$ (251,037)
Non-Operating Income (Expense)	738,201	3,520,773	(2,782,571)	-	-	-	5,317,550	-	5,317,550
Total Non-Cash Items	\$ (1,731,498)	\$ 1,451,668	\$ (3,183,166)	\$ (12,971)	\$ (8,301)	\$ (4,670)	\$ 3,494,575	\$ (1,571,938)	\$ 5,066,512
Change in Net Position	\$ (1,904,246)	\$ 1,512,925	\$ (3,417,171)	\$ 509,235	\$ (7,420)	\$ 516,655	\$ 9,903,504	\$ (220,857)	\$ 10,124,361

**Opportunity Home San Antonio
Financial Performance Report
Condensed Statement of Revenue and Expenses - Operations (continued)**

(For the Three Months Ended 9/30/2024)
(Unaudited)

Account Description	Central Office			Community Development Initiatives			Total - Operations			Highlights Section
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Revenue										
Tenant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,656,416	\$ 14,172,818	\$ (1,516,402)	I(a)(1)
Grants	-	-	-	374,055	530,479	(156,424)	12,933,350	12,241,956	691,394	I(a)(2)
HAP Revenue	-	-	-	-	-	-	30,614,184	30,452,354	161,831	
Miscellaneous Revenue	461,597	429,609	31,989	110,123	62,500	47,623	380,251	263,715	116,536	I(a)(3)
Total Operating Revenue	\$ 461,597	\$ 429,609	\$ 31,989	\$ 484,179	\$ 592,979	\$ (108,801)	\$ 56,584,201	\$ 57,130,843	\$ (546,642)	
Operating Expenses										
Salaries and Benefits	\$ 3,150,921	\$ 3,416,531	\$ (265,611)	\$ 745,273	\$ 837,268	\$ (91,995)	\$ 12,111,833	\$ 13,445,987	\$ (1,334,154)	I(b)(1)
Ordinary Maintenance and Repairs	46,561	112,060	(65,498)	875	5,011	(4,136)	5,583,604	6,464,433	(880,829)	I(b)(2)
Utilities	49,130	37,959	11,171	-	-	-	2,676,754	2,699,793	(23,038)	
Other Expenses	312,017	741,475	(429,458)	141,270	336,301	(195,031)	3,751,458	5,145,603	(1,394,146)	I(b)(3)
HAP Expense	-	-	-	-	-	-	30,614,184	30,451,754	162,431	
Management Fees	(3,586,641)	(3,629,880)	43,239	2,332	1,531	801	69,223	80,701	(11,478)	
Total Operating Expenses	\$ (28,013)	\$ 678,145	\$ (706,157)	\$ 889,749	\$ 1,180,111	\$ (290,362)	\$ 54,807,056	\$ 58,288,271	\$ (3,481,215)	
Net Operating Income	\$ 489,610	\$ (248,536)	\$ 738,146	\$ (405,571)	\$ (587,132)	\$ 181,561	\$ 1,777,145	\$ (1,157,428)	\$ 2,934,574	
Non-Operating Income (Expenses)										
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,366,627)	\$ (1,431,623)	\$ 64,996	
Interest Income	46,286	16,046	30,240	8,635	6,950	1,685	787,792	840,145	(52,353)	
Other Income (Expenses)	(17,328)	243,874	(261,202)	492,190	588,371	(96,181)	(2,610,299)	(1,969,459)	(640,840)	I(c)(1)
HUD-Held Fund Draws	-	-	-	-	-	-	7,019,154	3,934,698	3,084,456	I(c)(1)
Total Non-Operating Income (Expenses)	\$ 28,958	\$ 259,920	\$ (230,962)	\$ 500,825	\$ 595,321	\$ (94,496)	\$ 3,830,021	\$ 1,373,762	\$ 2,456,259	
Surplus (Deficit) Before Non-Cash Items	\$ 518,568	\$ 11,384	\$ 507,184	\$ 95,254	\$ 8,189	\$ 87,066	\$ 5,607,166	\$ 216,333	\$ 5,390,833	
Non-Cash Items										
Depreciation and Amortization	\$ (34,576)	\$ (55,624)	\$ 21,048	\$ (3,034)	\$ (3,042)	\$ 8	\$ (4,343,254)	\$ (3,708,008)	\$ (635,246)	I(c)(1)
Non-Operating Income (Expense)	-	-	-	-	-	-	6,055,751	3,520,773	2,534,979	
Total Non-Cash Items	\$ (34,576)	\$ (55,624)	\$ 21,048	\$ (3,034)	\$ (3,042)	\$ 8	\$ 1,712,497	\$ (187,236)	\$ 1,899,732	I(c)(1)
Change in Net Position	\$ 483,992	\$ (44,239)	\$ 528,231	\$ 92,221	\$ 5,147	\$ 87,074	\$ 7,319,663	\$ 29,098	\$ 7,290,565	I(c)(1)

Opportunity Home San Antonio
Financial Performance Report
Condensed Statement of Revenue and Expenses - Capital Activities
 (For the Three Months Ended 9/30/2024)
 (Unaudited)

Account Description	Real Estate			Capital Funds			Total - Capital Activities			Highlights Section
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Revenue										
Grants	\$ -	\$ -	\$ -	\$ 5,292,147	\$ 5,416,866	\$ (124,719)	\$ 5,292,147	\$ 5,416,866	\$ (124,719)	II(a)(1)
Miscellaneous Revenue	1,490,742	1,313,660	177,083	-	-	-	1,487,320	1,313,660	173,661	II(a)(2)
Total Operating Revenue	\$ 1,490,742	\$ 1,313,660	\$ 177,083	\$ 5,292,147	\$ 5,416,866	\$ (124,719)	\$ 6,779,467	\$ 6,730,526	\$ 48,941	
Operating Expenses										
Salaries and Benefits	\$ 859,297	\$ 662,594	\$ 196,702	\$ -	\$ -	\$ -	\$ 859,297	\$ 662,594	\$ 196,702	II(b)(1)
Ordinary Maintenance and Repairs	14,455	21,876	(7,421)	-	-	-	14,455	21,876	(7,421)	
Utilities	602	474	128	-	-	-	602	474	128	
Other Expenses	126,419	464,782	(338,363)	168,910	442,763	(273,853)	279,588	890,330	(610,743)	II(b)(2)
Management Fees	1,881	1,235	646	424,238	413,401	10,837	-	-	-	
Total Operating Expenses	\$ 1,002,654	\$ 1,150,961	\$ (148,308)	\$ 593,148	\$ 856,164	\$ (263,016)	\$ 1,153,942	\$ 1,575,275	\$ (421,333)	
Net Operating Income	\$ 488,089	\$ 162,698	\$ 325,391	\$ 4,698,999	\$ 4,560,703	\$ 138,296	\$ 5,625,525	\$ 5,155,251	\$ 470,274	
Non-Operating Income (Expenses)										
Interest Expense	\$ -	\$ -	\$ -	\$ (37,296)	\$ (37,296)	\$ -	\$ (37,296)	\$ (37,296)	\$ -	
Interest Income	361,993	283,724	78,269	15,935	16,236	(301)	336,074	257,764	78,310	
Other Income (Expenses)	848,676	-	848,676	(1,582,424)	(826,803)	(755,621)	634,713	-	634,713	II(c)(1)
Total Non-Operating Income (Expenses)	\$ 1,210,669	\$ 283,724	\$ 926,945	\$ (1,603,785)	\$ (847,863)	\$ (755,922)	\$ 933,491	\$ 220,468	\$ 713,023	
Surplus (Deficit) Before Non-Cash Items	\$ 1,698,758	\$ 446,422	\$ 1,252,336	\$ 3,095,214	\$ 3,712,840	\$ (617,626)	\$ 6,559,017	\$ 5,375,719	\$ 1,183,298	
Non-Cash Items										
Depreciation and Amortization	\$ (20,211)	\$ (19,809)	\$ (402)	\$ -	\$ -	\$ -	\$ (20,211)	\$ (19,809)	\$ (402)	
Non-Operating Income (Expense)	(738,201)	-	(738,201)	-	(3,722,244)	3,722,244	(738,201)	(3,722,244)	2,984,043	II(c)(1)
Total Non-Cash Items	\$ (758,412)	\$ (19,809)	\$ (738,603)	\$ -	\$ (3,722,244)	\$ 3,722,244	\$ (758,412)	\$ (3,742,053)	\$ 2,983,641	
Change in Net Position	\$ 940,346	\$ 426,613	\$ 513,733	\$ 3,095,214	\$ (9,405)	\$ 3,104,618	\$ 5,800,605	\$ 1,633,666	\$ 4,166,939	II(c)(1)

**Opportunity Home San Antonio
Financial Performance Report
Comparative Balance Sheet**
As of September 30, 2024
(Unaudited)

	9/30/2024	9/30/2023	Increase (Decrease)	%	Highlights Section
Assets					
Current Assets	\$ 110,608,315	\$ 117,964,651	\$ (7,356,336)	-6.24%	
Fixed Assets	389,679,277	375,071,327	14,607,950	3.89%	
Other Non-Current Assets	102,137,151	85,963,282	16,173,869	18.81%	
Total Assets	\$ 602,424,743	\$ 578,999,260	\$ 23,425,483	4.05%	
Deferred Outflows of Resources					
Deferred Charges on Refunding	\$ 138,057	\$ 162,927	\$ (24,870)	-15.26%	
Deferred Swap Outflows	78,722	121,765	(43,043)	N/A	
Total Deferred Outflows of Resources	\$ 216,779	\$ 284,692	\$ (67,913)	-23.85%	
Total Assets and Deferred Outflows of Resources	\$ 602,641,522	\$ 579,283,952	\$ 23,357,570	4.03%	III(a)
Liabilities					
Current Liabilities	\$ 29,749,755	\$ 27,289,543	\$ 2,460,212	9.02%	
Non-Current Liabilities	125,488,692	130,042,231	(4,553,539)	-3.50%	
Total Liabilities	\$ 155,238,447	\$ 157,331,774	\$ (2,093,327)	-1.33%	
Deferred Inflows of Resources					
Leased Assets	\$ 64,690,069	\$ 59,913,394	\$ 4,776,675	N/A	
Deferred Swap Inflows	576,776	563,802	12,974	N/A	
Total Deferred Inflows of Resources	\$ 65,266,845	\$ 60,477,196	\$ 4,789,649	N/A	
Total Liabilities and Deferred Inflows of Resources	\$ 220,505,292	\$ 217,808,970	\$ 2,696,322	1.24%	III(b)
Net Position					
Net Investment in Capital Assets	\$ 261,664,725	\$ 237,361,479	\$ 24,303,246	10.24%	
Restricted Net Position	44,816,525	50,935,371	(6,118,846)	-12.01%	
Unrestricted Net Position	75,654,980	73,178,132	2,476,848	3.38%	
Total Net Position	\$ 382,136,230	\$ 361,474,982	\$ 20,661,248	5.72%	III(c)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 602,641,522	\$ 579,283,952	\$ 23,357,570	4.03%	

**Opportunity Home San Antonio
Financial Performance Report**

As of September 30, 2024
(Unaudited)

HIGHLIGHTS

For the three months ended September 30, 2024, the Operations segment generated a surplus before non-cash items of \$5.6 million, which was \$5.4 million above budget. Total Operating Revenue was below budget by \$547 thousand, or 0.96%, and Total Operating Expenses were below budget by \$3.5 million, or 5.97%.

For the three months ended September 30, 2024, the Capital segment produced a surplus before non-cash items of \$6.6 million, which was \$1.2 million above budget. Total Operating Revenue slightly exceeded budget expectations, and Total Operating Expenses were below budget by \$421 thousand, or 26.75%.

Total Assets and Deferred Outflows of Resources increased by \$23.4 million, or 4.03%. Total Liabilities and Deferred Inflows of Resources increased by \$2.7 million, or 1.24%. Presented below are explanations that summarize the results of operations (Operations and Capital segments) and the combined changes in financial condition.

I. Income Statement (Operations)

Total Operating Revenue was below budget by \$547 thousand and Total Operating Expenses were below budget by \$3.5 million.

(a) **Operating Revenue**

- (1) Tenant revenue was below budget by \$1.5 million attributable to the Beacon portfolio. The primary properties contributing to the unfavorable variance for Beacon were 100 Labor, Costa Valencia, Rosemont at Highland Park, Homestead, and Woodhill. At the end of the period, occupancy for these properties ranged between 52% and 74%, whereas the average occupancy for the Beacon portfolio was 82%. Beacon's economic occupancy, which is a measure of actual income collected as a percentage of budgeted revenue, was 82.7%.
- (2) Grant revenue exceeded the budget by \$691 thousand, primarily due to a favorable variance in Section 8 administrative fees. HUD awarded an additional \$180 thousand in VASH administrative fees. Additionally, adjustments to the administrative fees for the Housing Choice Voucher program for Calendar Year 2023 and the first quarter of 2024 resulted in a \$326 thousand increase in funding. Public housing operating subsidies also surpassed the budget by approximately \$203 thousand. As of September 2024, the HUD-published interim proration for the calendar year to date was 98.8%, compared to a budgeted operating subsidy proration of 96.0% for the current fiscal year.

**Opportunity Home San Antonio
Financial Performance Report**

As of September 30, 2024
(Unaudited)

- (3) Miscellaneous Revenue ended the period with a favorable variance of \$116 thousand mainly due to favorable variances in escrow forfeitures from the Family Self-Sufficiency Program and insurance dividends.

(b) **Operating Expenses**

- (1) Salaries and benefits ended the period \$1.3 million under budget, with all segments performing favorably, highlighting effective cost management and efficiency in our staffing expenditures.
- (2) Ordinary Maintenance and Repairs ended the period \$880 thousand below budget primarily due to a favorable variance of \$914 thousand in Public Housing. Significant favorable expenses were attributed to unit make-ready costs, maintenance supplies and materials, HVAC repairs, and plumbing maintenance. Beacon experienced an unfavorable variance of \$107 thousand. Although there was a favorable variance of \$80 thousand in maintenance supplies and materials, there were unfavorable variances of \$132 thousand in garbage collection costs and \$100 thousand in unit make-ready costs.
- (3) Other Expenses finished the period \$1.4 million under budget, primarily attributable to favorable variances of \$895 thousand in technology and licensing fees, \$383 thousand in protective services, and \$739 thousand in a variety of office-related operating expenses. The favorable variances were partially offset by an unfavorable variance in insurance premiums for property and liability coverage of \$619 thousand.

(c) **Summary of Changes in Net Position**

- (1) Change in Net Position ended the year \$7.3 million above budget. Net Operating Income was above budget by \$2.9 million. Other Income (Expenses) was unfavorable by \$641 thousand primarily due to unbudgeted operating transfers associated with various Snowden and 100 Labor construction draws. Additionally, HUD-Held Fund Draws exceeded the budget by \$3.1 million, with a detailed breakdown included in Section IV of the report.

II. Income Statement (Capital)

Total Operating Revenue slightly surpassed budget expectations by \$49 thousand, while Total Operating Expenses were under budget by \$421 thousand.

**Opportunity Home San Antonio
Financial Performance Report**

As of September 30, 2024
(Unaudited)

(a) **Operating Revenue**

- (1) Grant revenue was below budget by \$125 thousand in the Capital Fund Program (CFP). HUD permits a standard 10% administrative fee on CFP grants and allows an additional 20% of CFP funds for Public Housing operating costs. To help mitigate a portion of the Public Housing operating loss, staff accessed the available 20% and withdrew approximately \$1.5 million from the 2024 CFP grant, leaving \$1.9 million remaining. This withdrawal was the main contributor to the overall favorable variance of \$1.8 million in CFP soft costs. However, this was partially offset by a \$1.9 million unfavorable variance in CFP hard costs, attributed to the timing of CFP grant expenditures.
- (2) Miscellaneous Revenue was above budget by \$174 thousand due primarily to a favorable variance in development fee revenue of \$507 thousand, partially offset by an unfavorable variance of \$380 thousand in bond issuer fees.

(b) **Operating Expenses**

- (1) Salaries and Benefits were above budget by \$197 thousand primarily due to an unfavorable variance in administrative salaries for the Real Estate Services sector.
- (2) Other Expenses were under budget by \$611 thousand, mainly due to a favorable variance in consulting fees, although these fees are expected to rise later in the fiscal year.

(c) **Summary of Changes in Net Position**

- (1) Change in Net Position ended the year with a \$4.2 million favorable variance. Net Operating Income was above budget by \$470 thousand. The Other Income (Expenses) line item was \$635 thousand favorable, primarily due to unbudgeted operating transfers associated with various Snowden and 100 Labor construction draws. Additionally, Non-Operating Income (Expense) reflected a favorable variance of \$3.0 million, as actual equity transfers from CFP to Public Housing were less than anticipated during the period.

III. Balance Sheet

Total Assets and Deferred Outflows of Resources increased by \$23.4 million, Total Liabilities and Deferred Inflows of Resources decreased by \$2.7 million, and Total Net Position increased by \$20.7 million.

- (a) Total Assets and Deferred Outflows of Resources increased by \$23.4 million, or 4.03%. Current Assets decreased by \$7.4 million (6.24%), Fixed Assets increased by \$14.6

**Opportunity Home San Antonio
Financial Performance Report**

As of September 30, 2024

(Unaudited)

million (3.89%), and Other Non-Current Assets increased by \$16.2 million (18.81%). The \$7.4 million reduction in Current Assets was primarily due to a decrease in cash and investments, largely attributed to payments made to settle accounts payable and to fund partnership operating and disposition deficits. The \$14.6 million increase in Fixed Assets was mainly due to a \$68.9 million rise in buildings and site improvements, which stemmed from the acquisitions of Midcrown Senior Pavilion, The Alhambra, and San Juan Square within the Beacon portfolio and the capitalization of projects in both the Beacon and Public Housing portfolios. Notably, Victoria Plaza had \$24.8 million capitalized into buildings for extensive rehabilitation and modernization. Furthermore, there were two new ground leases executed for Vista at Reed and Fiesta Trails which added \$5.4 million in land additions. These amounts were offset by the routine recording of depreciation and a decrease of \$24.6 million in construction in progress. Other Non-Current Assets increased by \$16.2 million, primarily due to \$9.7 million in MTW loan advances to the Snowden partnership, two notes totaling \$4.3 million loaned from the San Antonio Housing Facility Corporation to the Potranco and Josephine LLCs, and a \$2.4 million increase in development fees receivable.

- (b) Total Liabilities and Deferred Inflows of Resources increased by \$2.7 million, or 1.24%. The \$2.5 million increase in Current Liabilities was due to the \$4.3 million reclassification of the Converse Ranch II debt from Non-Current Liabilities, as this debt was scheduled to mature in November 2024. Additionally, there was a \$4.5 million increase in unearned Section 8 HAP revenue. These increases were largely offset by the \$7.3 million payoff of the Sendero bonds. Leased Assets, which includes prepaid ground leases, increased by \$4.8 million due primarily to San Antonio Housing Facility Corporation entering into two ground leases with the Vista at Reed and Fiesta Trails limited partnerships.
- (c) Total Net Position increased by \$20.7 million, or 5.72% as a result of the changes described above.

**Opportunity Home San Antonio
Financial Performance Report**
As of September 30, 2024
(Unaudited)

IV. MTW Expenditures

Project	Draws as of 09/30/24	
	HUD-Held Funds	Capital Fund Program
Public Housing Operating Shortfall		\$1,537,396
Preservation and Expansion of Affordable and Public Housing:		
Development of 100 Labor Street Multifamily Property	\$458,908	
Lincoln Predevelopment Costs	\$98,105	
Investment in MTW Units at Tax Credit/Beacon Properties:		
Alhambra Loan Payoff	\$3,022,211	
San Juan Square I Loan Payoff	\$2,698,902	
Snowden Development Funding	\$279,294	
Community Development Initiatives	\$610,000	
Total	\$7,167,420	\$1,537,396

Summary of Major Changes in Cash and Investment Balance

For the Quarterly Period Ended September 30, 2024

The overall cash and investment balance decreased by \$3.5 million over the previous quarter primarily due to payments made in connection with annual insurance premiums, funding for Snowden and Refugio limited partnerships and payments to vendors in connection with operations at various Beacon and Public Housing properties.

Unrestricted Cash and Investments

- **Central Office Cost Center** - There was a net cash decrease of \$1.9 million over the previous quarter due to the settlement of intercompany balances totaling \$3.7 million, funding of the central office building Capital Reserve account of \$0.6 million and a reclass of \$0.4 million to Restricted Cash and Investments for presentation purposes. The overall decrease was offset by the receipt of internal management fees of \$2.6 million and \$0.2 million in dividends from Housing Authority Insurance Group.
- **Public Housing** - There was a net cash increase of \$1.1 million due to the combination of funding from MTW of \$3.8 million to cover the Public Housing operating shortfall including the compensation study and \$1.5 million in CFP administrative fees received. Offsetting this was the settlement of intercompany balances due in connection with operating expenses.
- **Section 8** - There was a net cash increase of \$4.6 million primarily due to the reclassification of internally restricted cash.
- **Properties under SAHFC** - There was a net cash decrease of \$1.4 million, driven by \$2.4 million to support non-SAHFC Beacon property operations, \$2.8 million used to settle intercompany balances, and \$0.3 million to support Refugio Street LP operations. This decline was partially offset by rental income and other receipts totaling \$2.3 million, as well as a net collection of internal management fees of \$2.0 million.
- **Development Activities - Las Varas** - There was a net cash decrease of \$1.2 million due to funding of \$0.9 million for operating costs of the Real Estate Services line of business, \$0.2 million for San Juan Square losses and \$0.3 million in funding to support Snowden limited partnership. The overall decrease was partially offset by the receipt of \$0.2 million in real estate transaction revenue.
- **Central Bank Account** - The net cash decrease of \$1.6 million was primarily attributed to cash disbursements made to vendors in connection with annual insurance premiums as well as ordinary operating costs.

Restricted Cash and Investments

- **Section 8** - There was a net cash decrease of \$3.5 million primarily due to the reclassification of internally restricted cash and a timing difference associated with receiving HUD-held funds and transferring them for MTW purposes.
- **Non-Profit - Other Restricted** - There was a net cash increase of \$0.6 million related to the acquisition of two tax credit partnerships.

**Opportunity Home San Antonio
Cash and Investment Summary
September 30, 2024**

	Balance 6/30/2024	Deposits	Withdrawals	Balance 9/30/2024
Cash				
Unrestricted Cash:				
Central Office Cost Center (1)	4,831,423	7,055,175	8,984,286	2,902,312
Public Housing (1)	775,904	21,872,928	20,816,055	1,832,777
Section 8 (1)	2,202,969	8,904,607	4,298,459	6,809,117
Community Development Initiatives	12,385	17,153,110	16,997,573	167,922
Central Office- Health Insurance (2)	741,988	2,842,536	3,248,288	336,236
Homeownership	19,431	5,521	5,049	19,903
Project Based Properties (1)	5,227,000	3,675,700	3,644,797	5,257,903
Properties under SAHFC	2,993,541	10,905,567	12,350,579	1,548,529
Capital Fund Program (1)	-	827,023	827,023	-
Development Activities under SAHFC	1,229,833	385,834	505,179	1,110,488
Development Activities - Las Varas	6,711,148	943,795	2,192,623	5,462,320
Development Activities - Other Entities	5,471,160	12,649,038	12,555,437	5,564,761
Other Beacon Properties Cash	3,494,453	13,881,656	14,923,018	2,453,091
Central Office Bank Account	7,587,749	73,035,186	74,625,268	5,997,667
Sub-Total:	41,298,984	174,137,676	175,973,634	39,463,026
Restricted Cash:				
Central Office Cost Center	1,544	1,015,467	1,544	1,015,467
Public Housing	15,236,183	826,198	428,389	15,633,992
Section 8	5,401,633	47,603,862	51,111,103	1,894,392
Project Based Properties	1,691,911	10,466	112,270	1,590,107
Properties under SAHFC	9,059,596	5,414,535	5,613,123	8,861,008
Capital Fund Program	1,350,421	15,935	-	1,366,356
Development Activities under SAHFC	2,536,401	506	721	2,536,186
Development Activities - Refugio Street PFC	8,170,568	-	-	8,170,568
Non-Profit-Other Restricted	991,769	656,186	93,783	1,554,172
Other Restricted Cash	519,721	172,280	74,070	617,931
Endowment Trust	302,904	7,780	20,586	290,098
Sub-Total:	45,262,651	55,723,215	57,455,589	43,530,277
Total Unrestricted & Restricted Cash:	86,561,635	229,860,891	233,429,223	82,993,303
Investments				
Restricted Investments at Various Banks:				
Central Office Cost Center	76,494	226,673	239,270	63,897
Other Restricted Investments	1,117,581	535,322	459,524	1,193,379
Sub-Total:	1,194,075	761,995	698,794	1,257,276
Total Cash & Investments:	87,755,710	230,622,886	234,128,017	84,250,579

Footnotes:

- (1) Cash and Investments related to federal programs
- (2) Cash and Investments related to self-insurance program

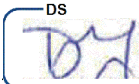
**Opportunity Home San Antonio
Cash Held for Tax Credit Partnerships
September 30, 2024**

	6/30/2024	Deposits	Withdrawals	9/30/2024
Cash from Tax-Credit Partnerships	2,571,864	5,383,561	5,137,483	2,817,942
Total Cash Held for Partnerships Managed by Beacon:	\$ 2,571,864	\$ 5,383,561	\$ 5,137,483	\$ 2,817,942

**Opportunity Home San Antonio
Collateralization
September 30, 2024**

	Total Deposits	Deposits Covered by FDIC	Deposits Covered by Collateral	Pledged Collateral
Frost National Bank	\$ 78,523,975	\$ 500,000	\$ 78,523,975	\$ 135,936,342
Lument Capital, LLC	\$ 3,146,781	\$ 1,273,331	\$ -	\$ -
US Bank	\$ 336,904	\$ -	\$ -	\$ -
Bank of New York - Converse Ranch II	\$ 227,187	\$ -	\$ -	\$ -
Wells Fargo - Rosemont at Highland Park	\$ 208,655	\$ -	\$ -	\$ -
Walker & Dunlop - Converse Ranch I	\$ 437,779	\$ 372,512	\$ -	\$ -
Berkadia Commercial Mortgage, LLC	\$ 294,577	\$ 294,577	\$ -	\$ -
Total Collateralized deposits:	\$ 83,175,857	\$ 2,440,420	\$ 78,523,975	\$ 135,936,342

FDIC has made permanent the standard coverage - all funds in noninterest-bearing accounts are fully insured up to \$250,000. The accompanying Cash and Investment Summary Report has been prepared in accordance with the compliance requirements of the Texas Public Funds Investment Act, Chapter 2256. As the Investment Officer for the Opportunity Home San Antonio I certify that all investments in our portfolio comply with the investment strategy expressed in Opportunity Home's Investment Policy dated April 14, 2016 and with the relevant provisions of the State of Texas, Code, Chapter 2256, Public Funds Investment.

 _____
11/7/2024

Diana R. Heuer, CPA, CGMA
Investment Officer, Chief Financial Officer

CONGRESSIONAL GRANTS									
Grant Number	Contract Effective Date	Contract End Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received		
EDI CPF Economic Development Initiative/Community Project Funding grants provide investment in a wide variety of projects such as housing, homelessness prevention, workforce training, public facilities, parks, resilience planning and other critical infrastructure and services									
B-22-CP-TX-0861 EDI CPF - Resident Internet Service	09/30/22	08/30/30	\$ 1,000,000.00	\$ 1,000,000.00	100%	\$ -	\$ 1,000,000.00	(4)	
B-23-CP-TX-1393 *Major Projects: Generator Install at Highview, Fair, Riverside, Window at Linda Lou and Highview	09/30/23	08/31/31	\$ 2,160,000.00	\$ -	0%	\$ 2,160,000.00	\$ -	(5)	
B-23-CP-TX-1413 *Major Projects: Cassiano Window Project	09/30/23	08/31/31	\$ 2,000,000.00	\$ -	0%	\$ 2,000,000.00	\$ -	(5)	
B-24-CP-TX-2068 *Major Projects: Critical Needs Infrastructure Work at Towering Oaks and Courtland Heights	08/13/24	08/31/32	\$ 850,000.00	\$ -	0%	\$ 850,000.00	\$ -	(5)	
B-24-CP-TX-2061 *Major Projects: Alazan Rehabilitation	08/13/24	08/31/32	\$ 850,000.00	\$ -	0%	\$ 850,000.00	\$ -	(5)	
CITY OF SAN ANTONIO FUNDS									
Grant Number	Construction Start Date	Construction End Date	Award Amount	Cumulative Expended	Expended Percentage	Remaining to Expend	Reimbursement Received		
City of San Antonio Affordable Housing Bond Program									
Housing Bond Funds									
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Westside Reinvestment Initiative - Homebuyer Assistance & Construction Reimbursement	12/15/22	09/12/24	\$ 218,655.00	\$ -	0%	\$ 218,655.00	\$ -	(6)	
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Victoria Plaza - Roof Replacement	06/17/24	01/21/25	\$ 2,500,000.00	\$ -	0%	\$ 2,500,000.00	\$ -		
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Collage Creek - Apartment Rehabilitation	09/27/24	08/15/25	\$ 1,740,069.00	\$ 48,910.49	3%	\$ 1,691,158.51	\$ -		
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Pecan Hill - Elevator Modernization	04/25/23	03/30/26	\$ 438,431.00	\$ 359,905.00	82%	\$ 78,526.00	\$ -		
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Woodhill - Apartment Rehabilitation	11/12/24	04/03/26	\$ 6,794,712.00	\$ 179,408.00	3%	\$ 6,615,304.00	\$ -		
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Midcrown - Apartment Rehabilitation	12/09/24	04/30/26	\$ 2,500,000.00	\$ -	0%	\$ 2,500,000.00	\$ -	(7)	
*FY22 Housing Bond Rental Acquisition, Rehabilitation and Preservation Ravello - Apartment Rehabilitation	12/09/24	04/30/26	\$ 2,500,000.00	\$ -	0%	\$ 2,500,000.00	\$ -	(7)	
City of San Antonio Fiscal Year Budget									
Opportunity Home Accessibility and Operations Fund									
*Fiscal Year 2024 Budget Funds Cassiano - Window Replacement Fabrication	10/01/23	09/30/24	\$ 1,000,000.00	\$ 1,000,000.00	100%	\$ -	\$ 1,000,000.00	(4)	

(4) Grants are expended and disbursed at 100%
 (5) Grant Manager is working with the congressional offices and HUD to gain access of the funds.
 (6) The request to amend the contracts to modify the performance date is pending with the City; part of the funds will be used for construction
 (7) The agreements are being reviewed by staff and outside counsel

HUD - PROGRAM GRANTS						
Grant Number	Effective Date	Expenditure End Date	LOCCS Authorized	Cumulative Expended	PROGRAM GRANTS	
					Expended Percentage	Remaining to Expend
<input type="checkbox"/> Grant expenditure is not progressing as planned						
LOCCS Disbursement						
Resident Opportunities & Self Sufficiency (ROSS)						
Funding for Family Self Sufficiency (FSS) Coordinators						
ROS221724-01-00	06/01/22	05/31/25	\$ 621,050.50	\$ 464,376.45	75%	\$ 156,074.05
*2021 ROSS Service Coordinators						
FSS23TX5042-01-01	01/01/24	12/31/24	\$ 1,166,035.00	\$ 857,887.54	74%	\$ 308,147.46
*PH & HCV Combined FSS 2023						
Jobs Plus						
Funding for PHAs to develop locally-based approaches to increase earnings and advance employment outcomes for Public Housing residents						
TX006FJP6JPH20	05/14/21	09/30/28	\$ 2,300,000.00	\$ 985,144.66	43%	\$ 1,314,855.34
*Jobs Plus - Lincoln Heights						

NON-HUD - PROGRAM GRANTS						
Grant Number	Performance Date	Award Amount	Cumulative Expended	PROGRAM GRANTS		
				Expended Percentage	Remaining to Expend	
<input type="checkbox"/> Grant expenditure is not progressing as planned						
LOCCS Disbursement						
VIA Metropolitan Transit Authority						
Capital Assistance Program For Elderly Persons and Persons With Disabilities						
TX-2021-010-00	09/25/20 - 09/30/24	\$ 79,110.00	\$ 62,559.29	79%	\$ 16,550.71	\$ 61,908.00
*VIA Grant 2021						

(8) As of 9/30/24, the amount remaining to be expended is \$16K. CDI staff is working with VIA staff to get approval for an extension to expend the remaining amount.

LIST OF GRANT APPLICATIONS

Grant Name	Description	Award Amount	Match Amount	Date Submitted	Application Status
FY24 Housing-Related Hazard	HUD Housing Related Hazard Grant	\$4,800,000	N/A	06/28/24	Awarded 09/17/24
FY24 Lead-Based Paint Capital Fund	HUD Lead Based Paint Grant	\$6,277,810	N/A	06/28/24	Awarded 09/17/24
FY24 Texas Cavaliers Charitable Foundation	Texas Cavaliers Charitable Foundation Grant	\$7,176	N/A	03/25/24	Pending
FY25 Community Project Funding	Community Project Funding Economic Development Initiative Grant	\$2,000,000	N/A	04/19/24	Pending
FY24 Neighborhood and Community Grants	CoSA Neighborhood & Community Grant	\$19,200	N/A	04/29/24	Pending
FY24 Loss Prevention Fund	HAI Loss Prevention Fund	\$142,840	N/A	05/31/24	Pending
FY24 Green and Resilient Retrofit	HUD FY24 Green & Retrofit Program Grant	\$20,000,000	N/A	06/11/24	Pending
FY24 Foster Youth to Independence (FYI)	HUD Family Unification Program	\$1,700,000	N/A	06/17/24	Pending
FY24 ROSS Service Coordinator Program	Resident Opportunity and Self-Sufficiency	\$739,351	N/A	09/30/24	Pending

Financial Performance Report

For the Three Months Ended September 30, 2024

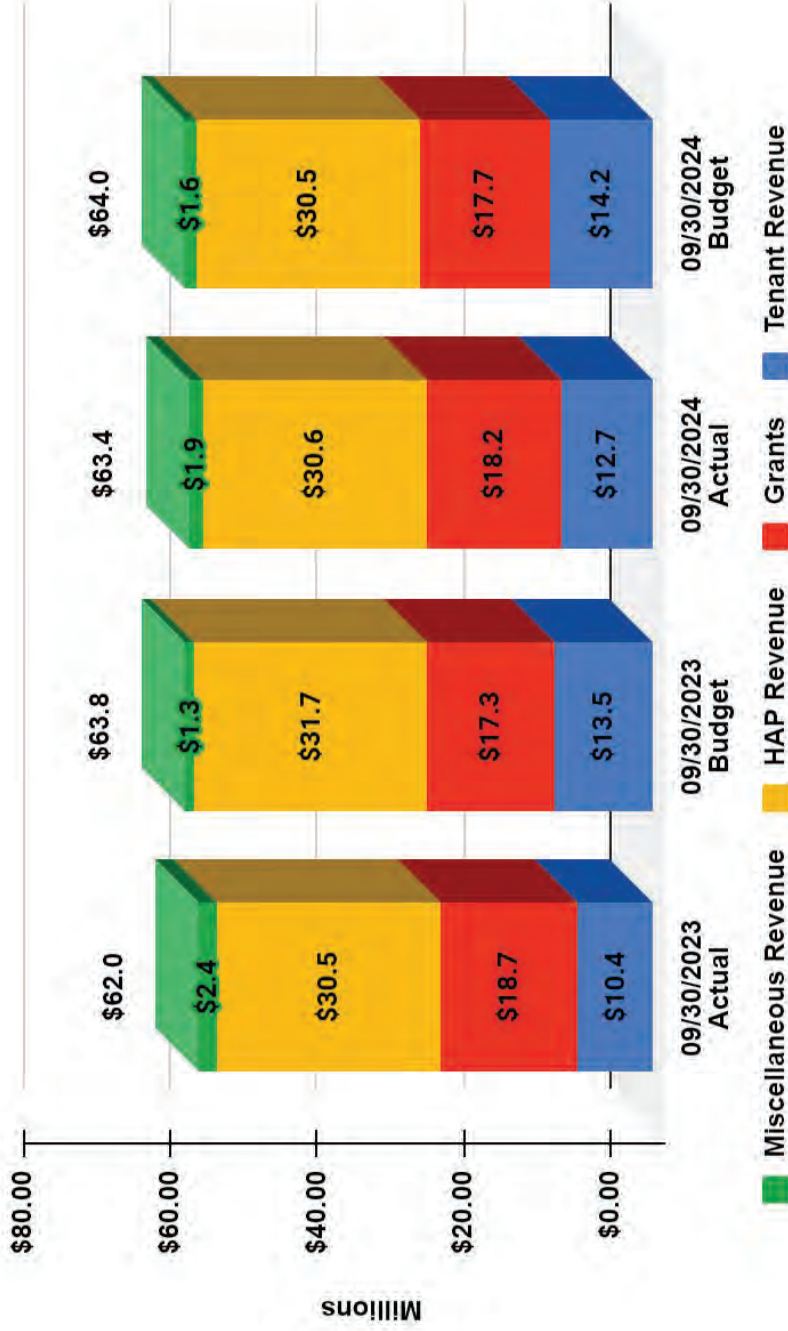
FY 24

FY 25

Fiscal Year Comparison

Consolidated Operating Revenue

Operating Revenue increased by about **2.3%** from last year, driven mainly by higher Tenant Revenue.

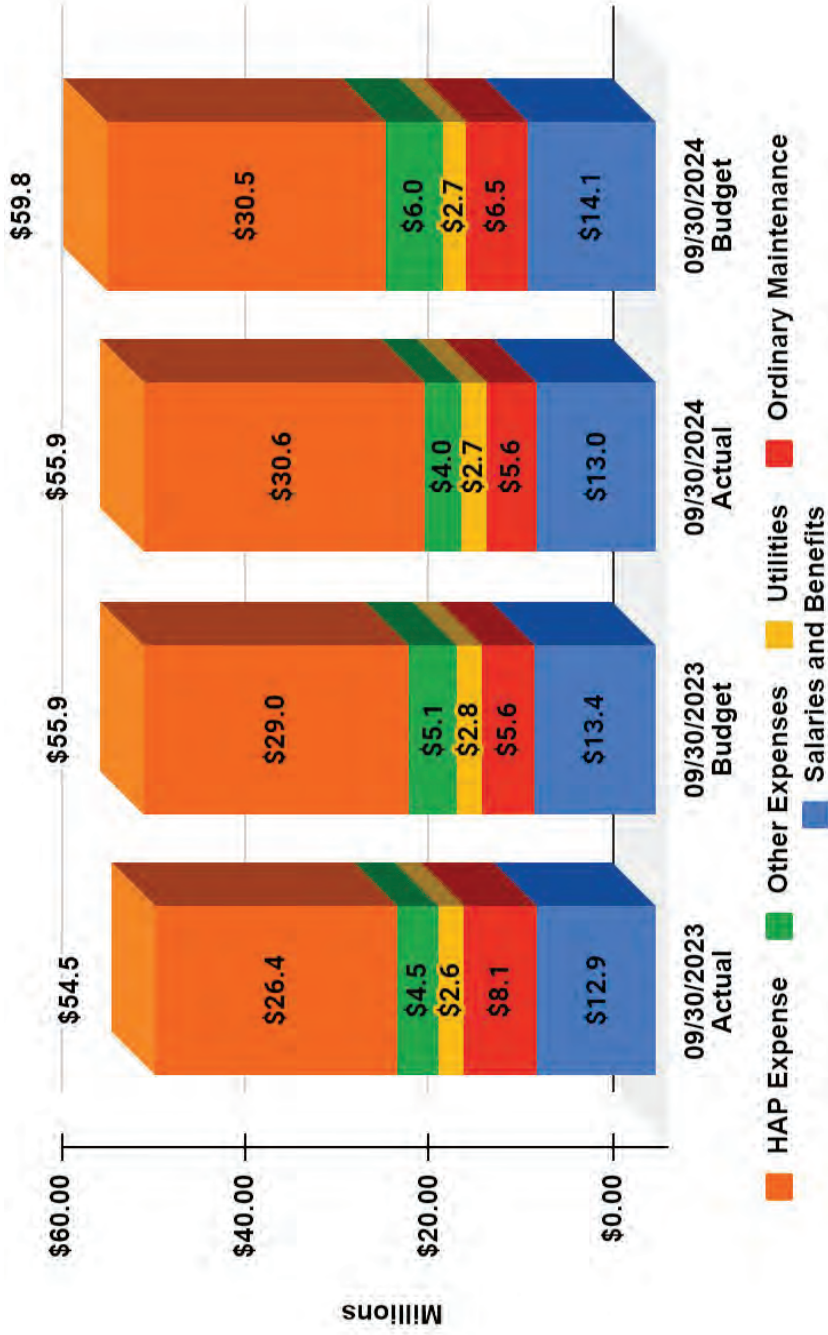


FY 24 **FY 25**

Fiscal Year Comparison

Consolidated Operating Expenses

Operating Expenses rose by **2.6%** from last year, mainly due to higher HAP Expense, partially offset by better results in Ordinary Maintenance and Other Expenses.

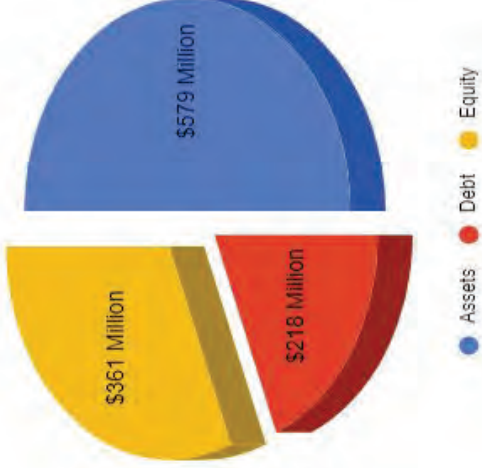


Financial Ratios

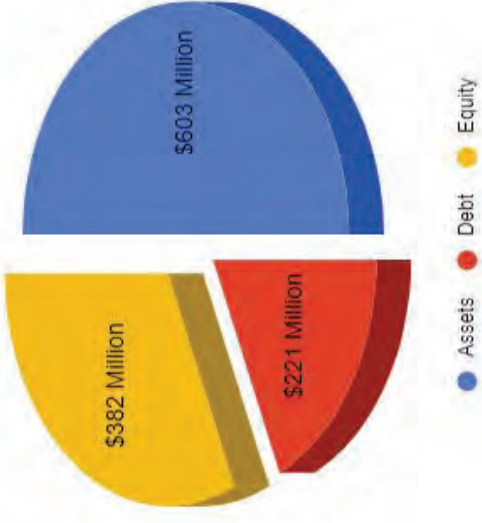
Financial Strength

The debt-to-equity ratio decreased from **0.43** to **0.39** and signifies a strong solvency position.

June 30, 2023



June 30, 2024

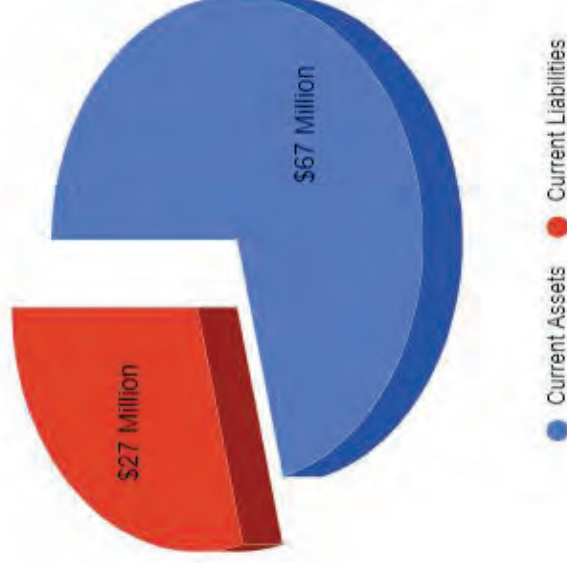


Financial Ratios

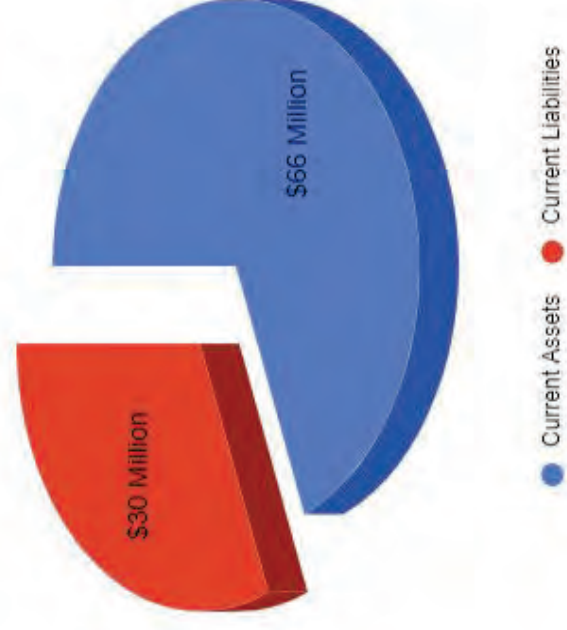
Financial Liquidity

The current ratio decreased from **2.48** to **2.20** and remains an indicator of Opportunity Home's strong capacity to meet its short-term financial commitments.

June 30, 2023



June 30, 2024



Moving to Work Expenditures

Project		Draws as of 09/30/24	
		HUD-Held Funds	Capital Fund Program
Public Housing Operating Shortfall			\$1,537,396
Preservation and Expansion of Affordable and Public Housing:			
Development of 100 Labor Street Multifamily Property		\$458,908	
Lincoln Predevelopment Costs		\$98,105	
Investment in MTW Units at Tax Credit/Beacon Properties:			
Alhambra Loan Payoff		\$3,022,211	
San Juan Square I Loan Payoff		\$2,698,902	
Snowden Development Funding		\$279,294	
Community Development Initiatives		\$610,000	
Total		\$7,167,420	\$1,537,396

Questions?



MEMORANDUM

To: Finance Committee

From: Michael Reyes, Acting President and CEO

Presented by: Allison Schlegel, Director of Internal Audit

RE: Update and Discussion Regarding Internal Audit

DS
MR

SUMMARY:

Internal Audit provides independent and objective assurance, auditing, and consulting services to add value, improve internal controls, and strengthen the organization's operations. The function helps the organization accomplish its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. In addition to its oversight activities, Internal Audit serves as a resource for identifying opportunities for best practices and efficiencies. The mission of the Opportunity Home San Antonio's Internal Audit Department is to:

- Ensure the organization remains a good steward of the public trust by working with all levels of management and staff, as well as the Board of Commissioners, to identify significant risk areas and the internal controls in place to mitigate those risks;
- Provide continuous quality improvement through the review of processes and procedures to identify operational efficiencies and best practices; and,
- Perform all assurance and consulting activities with the highest level of integrity and objectivity.

In accordance with the approved Internal Audit Charter, the Director of Internal Audit (i.e., the Chief Audit Executive) is required to communicate any significant deviation from the approved internal audit plan to the Audit Committee, the President and CEO, and the Legal and Compliance Officer, or equivalent, through periodic activity reports.

This update provides the required communication as follows:

- Internal Audit Department Update
- Internal Audit Plan Status - FY 2024-2025 Quarter 1
- Summary and Status of Management Corrective Action Plans (related to Internal Audit reporting)

Management Corrective Action Plans resulting from internal audits are entered into a spreadsheet to allow for easier tracking of the status of open items. A copy of the spreadsheet is attached. Each of the action items is color-coded to indicate its status: green indicates the action has a due date 30 days or more in the future; red indicates that the action is behind schedule; and yellow indicates the action has a due date less than 30 days in the future.

PROPOSED ACTION:

None at this time

STRATEGIC OUTCOMES:

Supports all strategic outcomes

ATTACHMENTS:

Status of Management Corrective Action Plan
Slides

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

In Progress

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
Fiscal Year 2022-2023											
FY 23-24	10/16/23	Audit of Public Housing (PH) Repayment Agreements	Significant Deficiency	Finding 1 - The family's rent combined with the repayment agreement (RPA) amount exceeded 40 percent of the family's monthly adjusted income.	Recommendation Management should reemphasize to staff the importance of proper calculations and the significance of ensuring conformity with program requirements.	Follow up with reminder to staff at the next Community Manager and CSS meetings about how to correctly use RPA calculation sheets.	2/7/24	11/15/24	In Progress	MR	Training will be provided to staff by March 2024. The completion date has been rescheduled for August 31, 2024, to be in line with the completion of the creation of the Repayment Agreement SOP. 10/25/24: Operations Support advised the completion of the RPA SOP is being pushed out due to current PH Rent Collection efforts. The new Revised Estimated Completion Date is November 15, 2024.
Fiscal Year 2023-2024											
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWIMBE	Other Internal Control Deficiency	Finding 1 - Unreported Section 3 Labor Hours from Vendors.	Recommendation Management should reemphasize to staff the importance of adhering to the guidelines outlined in the SAHA (Opportunity Home San Antonio) Section 3 Policy and Procedures.	Procurement will implement a new process to monitor and verify all vendors are reporting their Section 3 labor hours in accordance with federal regulations. Procurement will work with the Section 3 coordinator to provide training and guidance to vendors on the reporting requirements for Section 3 labor hours. Procurement will establish a system for tracking and verifying the accuracy of the Section 3 labor hours submitted by vendors. Procurement will also review existing contracts, and modify as necessary, to include provisions that require vendors to report their Section 3 labor hours in a timely and accurate manner. Procurement will also include provisions for penalties for vendors who fail to comply with these reporting requirements.	5/7/24	12/31/24	In Progress	MR	4/30/24: The new process was implemented for the 1st and 3rd quarters. The unreported Section 3 Labor hours will be reported to the Board at the May Operations Committee meeting. The review the existing contracts has been rescheduled for December 31, 2024.
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWIMBE	Other Internal Control Deficiency	Finding 3 - Outdated Section 3 Criteria included in solicitations.	Recommendation Management should ensure all solicitations contain updated information and conform to HUD and Opportunity Home San Antonio guidelines.	Procurement will review and update the employment goals in the Section 3 criteria outlined in our contracts to ensure that they are consistent with current federal regulations and guidance. Procurement will work closely with our Section 3 Coordinator to provide training and guidance to staff members responsible for developing and implementing contracts to ensure that they are aware of the current federal regulations and guidance related to Section 3 program requirements.	5/7/24	12/31/24	In Progress	MR	4/30/24: The Section 3 criteria training was provided to vendors on 4/19/24. Training for vendors is ongoing, depending on attendance. The review the existing contracts has been rescheduled for December 31, 2024.
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWIMBE	Other Internal Control Deficiency	Finding 4 - Outdated Section 3 Program Policy and Procedures.	Recommendation Management should immediately update the Section 3 Program Policy and Procedures, and ensure staff is aware of the annual review requirement outlined in the policy and procedures.	Procurement will be providing training to our staff members involved in drafting solicitations to ensure that they are aware of the current Section 3 requirements and are following the correct procedures. We will also be conducting regular reviews of our solicitations to ensure ongoing compliance with Section 3 requirements. We will be reviewing and updating all policies and procedures in our Section 3 documents.	5/7/24	1/31/25	In Progress	MR	06/25/24: updated section 3 program and Procurement policy and Procedures is currently under review 10/29/2024 Procurement will present revised policy at February Board meeting

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

In Progress

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 23-24	3/7/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Observation	Observation 2 - Outdated Procurement Policy and Procedures.	Recommendation Management should immediately update the San Antonio Housing Authority (Opportunity Home San Antonio) Procurement Policy and Procedures to ensure all policies and procedures meet all current Federal, state, and local regulations, rules, and laws.	To address the issue of outdated policies and procedures, Procurement has conducted a comprehensive review of our procurement processes and identified areas in need of revision. We will update our procurement policies and procedures to reflect current regulations and best practices and will provide training to our staff to ensure that they understand and follow the revised policies and procedures. In addition, we will implement a regular review process to ensure that our procurement policies and procedures remain up-to-date and effective.	5/7/24	1/31/25	In Progress	MR	6/9/25/24; updated section 3 program and Procurement policy and Procedures is currently under review 10/29/2024 Procurement will present revised policy at February Board meeting
FY 23-24	8/28/24	Audit of Human Resources: Recruitment Process	Observation	Observation 1 - Outdated/incomplete standard operating procedures (SOPs).	Recommendation Management should immediately update the "Full-Cycle Recruiting SOP", and create the "PAR SOP", and the "Insight to Onboard SOP" to ensure all policies and procedures meet all current Federal, state, and local regulations, rules and laws. Management should also develop a plan for training managers, supervisors, directors, and officers on any changes to the SOPs.	Human Resources agrees with the recommendation and will update the current recruitment SOPs and complete documentation of processes for Personnel Action Requests (PAR) and Insight to Onboard.	11/1/24	1/3/25	In Progress	MR	10/25/24; Request for extension due to change in management.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

Audit Plan Year	Final Report Date	Audit Title	Finding Type	Finding Number and Title	Finding / Condition Description and Recommendation	Management's Corrective Action Plan	Original Estimated Completion Date	Revised Estimated Completion Date	Status	Resp. Officer's Initials	Comments
FY 21-22	Fiscal Year 2021-2022 3/8/23	Audit of the Redevelopment/Modernization Process of Victoria Plaza Draft Final Report	Other Internal Control Deficiency	Finding 1 - Missing the updated Certificates of Insurance (COI)	Recommendation Develop a clear and defined written procedure of who is responsible for ensuring, collecting, and saving the updated Certificate of Insurance in the file or folder.	The Procurement Department will work with Risk Management to develop procedures for obtaining updated insurance certificates after the award stage.	11/07/2022	12/1/23	Completed	MR	The completion of the SOP is dependent on the hiring of a Contract Manager. The new manager will oversee the COI process. Due to the complexity of the software, the process of acquiring MYCOI took longer than anticipated. Estimated launch date of MYCOI is 11/1/23, which will push the SOP completion date to 12/1/23.
FY 21-22	3/8/23	Audit of the Redevelopment/Modernization Process of Victoria Plaza Draft Final Report	Observation	Observation 3 - Missing a Relocation Directive or Standard Operating Procedure (SOP) for Public Housing Specific to Redevelopment Projects	Recommendation Develop an SOP for the relocation of residents due to redevelopment or significant modernization of a community. The SOP should be written clearly, providing step-by-step instructions to guide staff through the process based on HUD Regulations and from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. The guidance should also cover the end of a modernization project, and steps to bring residents back to their original community.	Operations Support will collaborate with Public Housing management to establish a Relocation SOP for future redevelopment and modernization projects.	3/31/23	7/1/24	Completed	BP	The completion of the Relocation SOP has been moved to July 2024 due to HUD mandates scheduled to be implemented in 2024.
FY 22-23	Fiscal Year 2022-2023 8/3/23	Audit of the AHP Waitlist, Eligibility, and Admissions Process	Significant Deficiencies	Finding 4 - Missing EIV existing and former tenant search.	Recommendation Ensure procedures are reviewed and reinforced with staff to ensure all required documents are pulled and maintained in the tenant file.	Operations Support will retrain relevant staff on how to correctly pull EIV former and existing, and reinforce this role's importance and expectation.	9/1/23	02/29/2024	Completed	BP	Training for staff was unable to be scheduled for the December timeframe; however, training is scheduled to be completed by 02/29/2024.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiencies	Finding 1 - Staff signatures and dates were missing in the Registered Sex Offender (RSO) section of the Pre-Eligibility Application.	Recommendation Review and reinforce procedures with staff to ensure all required signatures and dates are submitted on HUD required documents.	Operations Support will update affected forms to ensure the RSO section is consistently completed, and retrain relevant staff members to reinforce procedures and expectations.	10/1/23	02/29/2024	Completed	BP	Revisions to the multiple eligibility forms have been made and are pending review. Implementation is scheduled for 02/29/2024.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiencies	Finding 2 - Missing verifying and signing the citizenship or eligible immigration status on the Declaration of Section 214 Status form. Missed providing proof of immigration status and missing Verification Consent form.	Recommendation Review Declaration of Section 214 Status to ensure the form is filled out, signed, and dated in its entirety. Create a Verification Consent Form to attach the Declaration of Section 214 Status.	Operations Support will update forms to ensure verification consent is consistently completed. Training will be provided once forms are updated.	9/1/23	02/29/24	Completed	BP	Revisions to the multiple eligibility forms have been made and are pending review. Implementation is scheduled for 02/29/2024.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility, and Admissions Process	Significant Deficiencies	Finding 2 - Issued incorrect voucher unit sizes, and the initial voucher term is less than 60 calendar days.	Recommendation Review and reinforce the procedures found in the Admin Plan, Section 5.2.B Determining Family Unit (Voucher) Size, and Section 5.2.E: Voucher Term and Extension to ensure staff has reviewed the voucher contents for accurate information. Management should consider updating the Admin Plan to include a process in which senior management will QC voucher contents for accuracy prior to the staff reviewing the contents with the family.	Staff will be retrained on Voucher and UPE procedures in order to ensure staff understands Voucher and URES should match for size, and voucher dates should be 60 or 120 days depending on the program.	9/30/23		Completed	BP	Staff were provided a reminder in the 8/31/2023 Department meeting on Voucher size, initial voucher dates, the unit rent estimate and the briefing summary requirements when issuing to ensure the size, time frame and amounts matched on the voucher and unit rent estimate.
FY 22-23	8/3/23	Audit of the AHP Waitlist, Eligibility, and Admissions Process	Observation	Observation 1 - Eligibility Status Notification (ESN) letters are missing signatures of applicants and supervisors. Missed selecting a waiting list status option in one of the status boxes.	Recommendation Provide a review and reinforcement of procedures to ensure staff complete all required documentation when issuing the ESN letter and/or deactivating a denied applicant in Elite.	Staff will be retrained on the ESN letter requirements, and the form will also be reviewed for efficiency.	9/1/23		Completed	BP	Staff were provided a reminder/refresh on the Eligibility status letter in the 8/31/2023 department meeting; the importance of the eligibility status notice being filled out correctly to include signature lines. Form revisions are currently underway based on new logo updating as well.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

FY 22-23	10/16/23	Audit of Public Housing (PH) Repayment Agreements	Other Internal Control Deficiency	<p>Finding 1 - Unmatched ledger balance, down payments missing, missing HUD required documents.</p>	<p>Recommendation Management should take steps to ensure that all forms required to be included in resident files are current and completed in their entirety.</p>	<p>Send staff a reminder of steps and instructions for receiving in Elite and ensuring amounts are noted on the ledger, and provide instructions on how to correctly accept and log down payments. Reassign staff of HUD forms required for repayment agreements to ensure all files are completed in their entirety.</p>	11/1/23	Completed	BP	<p>11/1/23 Directive sent out to all PH Staff with the following: RPA Calculation Worksheet How to Process an RPA in Elite guide Receiving RPAs in Elite guide</p>
FY 22-23	10/16/23	Audit of Public Housing (PH) Repayment Agreements	Observation	<p>Observation 1 - Internal Audit was not provided, and was unable to locate, a Standard Operating Procedure (SOP) for Repayment Agreements.</p>	<p>Recommendation Create a Standard Operating Procedure to include the required steps, necessary forms required to complete a Repayment Agreement, and how to accurately document the resident file.</p>	<p>A Repayment Agreement SOP has been reauthorized and will be completed in accordance with the SOP priority list set by the PH department.</p>	3/31/24	Completed	BP	<p>Training will be provided to staff by March 2024.</p>
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Significant Deficiencies	<p>Finding 1 - Incorrect unit bedroom size was offered to the family.</p>	<p>Recommendation Management should provide additional training to property staff to ensure they understand the guidelines or policies for calculating bedroom size determination.</p>	<p>UAC staff implemented a QC process on February 1, 2024. A follow up directive was sent on March 26, 2024, to UAC staff and PH Management detailing the Opportunity Home policy for determining unit size.</p>	3/28/24	Completed	EH	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.</p>
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Significant Deficiencies	<p>Finding 2 - Inaccurate computation of income.</p>	<p>Recommendation Management should provide additional training to staff to ensure they understand the guidelines and/or policies for calculating semi-monthly check/pay stubs.</p>	<p>An email was sent to UAC staff and PH management as a directive on March 28, 2024, with reminders to ensure calculations are completed according to various rates of pay, UAC staff have reviewed and discussed calculating income during monthly meetings and are being regularly QC'd.</p>	3/28/24	Completed	EH	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.</p>
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Significant Deficiencies	<p>Finding 3 - Missing disability status verification to determine eligibility for housing and disability-related deductions.</p>	<p>Recommendation SOP to include the requirement of using the Disability Verification Form in order to verify the disability status of applicants who have claimed to be disabled during the pre-application process, but who do not receive SSA Disability Benefits. Management would also reinforce the importance of this type of verification with staff.</p>	<p>An email was sent to staff on April 2, 2024, with detailed reminders of HUD-defined disability verification requirements and information about the Disability Verification form and when/how to use it.</p>	4/2/24	Completed	EH	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.</p>
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiency	<p>Finding 1 - Missing the Social Security Number (SSN) of the applicant on the HUD-9886 Form.</p>	<p>Recommendation Management should consider creating an "instructions" page for applicants filling out the HUD-9886 form. These instructions should specify what information is required when completing the form.</p>	<p>An email was sent to UAC staff and PH management as a directive on March 28, 2024, with reminders to issue a RAD-10 when documentation is missing required information, such as an incomplete HUD-9886-a form.</p>	3/28/24	Completed	EH	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.</p>
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiency	<p>Finding 2 - Failed to immediately dispose of confidential information.</p>	<p>Recommendation Management should reinforce to staff the importance of immediately disposing of confidential information. Management should consider adding steps in the ACOP, or a related SOP, on how to properly dispose of confidential information.</p>	<p>An email was sent to UAC staff and PH management as a directive on March 28, 2024, with reminders to ensure confidential medical information is disposed of properly.</p>	3/28/24	Completed	EH	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.</p>

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiency	Finding 3 - Missing Criminal History Record (CHR), Registered Sex Offender Status (RSO), and Enterprise Income Verification (EIV) on the existing and former tenant search.	<p>Recommendation Management should reemphasize the requirements of the SOP for screening applicants and new adult household members.</p>	<p>The following AHP and PH Eligibility Forms were updated and released on March 1, 2024, to streamline the verification of Criminal History Report (CHR) and Registered Sex Offender (RSO) status. The RSO verification box has been removed and placed on the CHR Request form on DocuSign. *Waiting List Pre-Eligibility Application; PH-1222 *Public Housing Application; PH-1221 *Waiting List Pre-Eligibility Application; AHP-1222 *HCV Application; AHP 1221 *Income and Expense Verification Form; FHP-2521 On February 29, 2024, the EIV/PIC Analyst conducted a Former/Existing Tenant Search training to UAC staff and recorded training for future reference.</p>	3/1/24	Completed	EH	The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiency	Finding 4 - Account statuses were not updated, deactivated, or withdrawn from the waiting lists in Elite	<p>Recommendation Management should provide additional training to reinforce the guidance provided in the SOPs and ACOP emphasizing the correct procedures to change the application statuses.</p>	<p>An update to the existing PH Eligibility SOP to include withdrawal steps.</p>	6/1/24	Completed	MR	6/11/2024; Preliminary updates have been made but the updates and training will be completed by 7/31. 7/31/2024; Updates have been made and are being approved. Release to staff will be by 8/09/2024. 8/19/2024; IA received the updated PH Eligibility SOP
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Other Internal Control Deficiency	Finding 5 - Request for Additional Documentation Form (RAD-10) not included with the Change of Family Composition-Remove Packet	<p>Recommendation Management should remind staff about the importance of issuing a RAD-10 when applicants are missing required documents.</p>	<p>An email was sent to staff on March 26, 2024, with reminders to issue a RAD-10 when documentation is missing required information, such as an incomplete HUD-9886-a form.</p>	3/28/24	Completed	EH	The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Observation	Observation 1 - Incomplete and/or inaccurate data was reentered on the EIV screening form and Unit Offer form.	<p>Recommendation Management should remind staff of the importance of verifying the accuracy of the information entered on the forms and the significance of ensuring applicant information conforms with program requirements.</p>	<p>An email was sent on April 2, 2024, instructing UAC and PH staff to leave out the unit addresses on the unit offer forms. In addition, an email will be sent reiterating the importance of applicant signatures on Unit Offer forms in May 2024. This is being combined with a reminder to regularly review audit files and ensure lease information is up to date.</p>	4/2/24	Completed	EH	The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Observation	Observation 2 - Absence of required forms or documents.	<p>Recommendation Management should reiterate with staff the importance of ensuring all necessary documents are included in the residents' files.</p>	<p>An email reminder will be sent to staff to put the unit offer form and other necessary documents in the residents' files.</p>	4/1/24	Completed	EH	The Corrective Action Item was emailed to staff on 4/29/2024.
FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Observation	Observation 3 - Files are missing copies of important notices.	<p>Recommendation Management should consider adding the Notice of Public Housing Eligibility and the Notice to Deny to the physical File Checklist and the digital File Checklist respectively and reiterate to staff the importance of using the provided checklist to ensure all notices are included in the residents'/applicants' files.</p>	<p>An email was sent to staff on March 26, 2024, with reminders to include copies of important notices. UAC CSS must add to the digital file a copy of the Notice of PH Housing Eligibility. In addition, the UAC CSS will add to the digital file a copy of the Notice of Intent to Deny.</p>	3/28/24	Completed	EH	The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA, PH and UAC.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

FY 22-23	4/12/24	Audit of Public Housing Program (PH) Waitlist, Eligibility, and Admissions Process	Observation	Observation 4 - There is no established process in place for handling cases where a response is not received from an applicant within three business days after a unit is offered.	Recommendation Management should consider adding a procedure, either in the ACOP or the PH Eligibility SOP for addressing a situation in which an applicant neither accepts or refuses a unit offer within three business days.	An update to the existing PH Eligibility SOP to include a process to withdraw an applicant from the waitlist if the PHA does not receive a response within three business days of the unit offer.	6/1/24	Completed	MR	6/11/2024: Preliminary updates have been made but the updates and training will be completed by 7/31. 7/31/2024: Updates have been made and are being approved. Release to staff will be by 8/09/2024. 8/10/2024: IA received the updated PH Eligibility SOP
FY 23-24	Fiscal Year 2023-2024 3/11/24	Audit of Procurement: Oversight of Vendor Compliance for Section 3 and SWMBE	Significant Deficiency	Finding 1 - Unable to determine if the Section 3 and Targeted Section 3 workers reporting goals meet the 25% or 5% or more of the total number of labor hours worked, respectively, by all workers employed with public housing financial assistance in Opportunity Home San Antonio's fiscal year.	Recommendation Internal Audit recommends the creation of a Standard Operating Procedure to include the required steps and information necessary to complete accurate labor hour calculations. Management should also reiterate the reporting requirements as outlined by HUD to staff.	Procurement will implement a new process that consists of developing a new Google form to collect information and ensure that the total number of labor hours worked by all workers of the PHA is accurately reported and tracked. Procurement will also ensure that the total number of labor hours worked by Section 3 workers and Targeted Section 3 workers is reported in a timely manner as dictated by HUD. Procurement will work closely with Human Resources and Payroll to obtain the information required.	5/1/24	Completed	MR	4/29/24: With the help of Vanessa Garcia (payroll), we were able to acquire the total number of hours for the agency these will be report to the board May 15 Operations Committee meeting. IA received the updated SOP on 6/25/24.
FY 23-24	3/11/24	Audit of Procurement: Oversight of Vendor Compliance for Section 3 and SWMBE	Significant Deficiency	Finding 2 - Solicitations contained outdated Section 3 Program Utilization Plan Criteria and contradiction wording between the Section 3 Program Utilization Plan Criteria and the Section 3 Program Contractor Compliance Guide.	Recommendation Management should ensure all solicitations contain updated regulations, guidelines, and policies.	Procurement will review and update the Section 3 Program Utilization Plan Criteria to ensure they are consistent with current federal regulations and guidance. Procurement will also ensure that the policies and procedures are updated to reflect any changes to federal regulations and guidance related to Section 3 program requirements. Procurement will work closely with the Section 3 coordinator to provide training and guidance in developing and implementing Section 3 program requirements to ensure the organization is current with all federal regulations and guidance, and understands the importance of complying with Section 3 program requirements.	5/1/24	Completed	MR	4/29/24: Section 3 Reporting Requirements training took place on 4/9/24. The updates to the Section 3 Program Utilization Plan Criteria have been rescheduled for June 1, 2024. 5/29/24: This process has been completed. Procurement will conduct a self-audit of solicitations from 5/1-6/30.
FY 23-24	3/11/24	Audit of Procurement: Oversight of Vendor Compliance for Section 3 and SWMBE	Significant Deficiency	Finding 3 - Section 3 criteria was intentionally deleted from contracts.	Recommendation Management should take steps to ensure that all contracts include the required clauses/statements as indicated by HUD and Opportunity Home San Antonio's policies and procedures. Management should also review all contracts to ensure accuracy.	Procurement will implement a new process to ensure that Section 3 criteria are included in all contracts as required by federal regulations. Procurement will work closely with the Contract Manager to provide training and guidance to staff members responsible for developing and implementing contracts to ensure that they are aware of complying with Section 3 program requirements. Procurement staff will conduct a review of all existing contracts to ensure they comply with Section 3 program requirements. Any contracts found to be non-compliant will be amended to include the required Section 3 criteria.	5/1/24	Completed	MR	4/29/24: The original estimated completion date is pending the implementation of the new process and the updated template. This has been rescheduled for June 1, 2024. 5/29/24: This process has been completed. Procurement will conduct a self-audit of solicitations from 5/1-6/30.

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Significant Deficiency	<p>Finding 4 - The Section 3 criteria outlined in the contracts contained outdated employment goals.</p>	<p>Recommendation Management should take steps to ensure that all contracts include updated information, as required by HUD and Opportunity Home San Antonio.</p>	<p>Procurement will review and update the employment goals in the Section 3 criteria outlined in contract to ensure they are consistent with current federal regulations and guidance. Procurement will work with the Section 3 coordinator to provide training and guidance to staff members responsible for developing and implementing contracts to ensure staff is aware of the current federal regulations and guidance related to Section 3 program requirements.</p>	5/1/24	Completed	MR	<p>The Corrective Action Plan was implemented as part of the conclusion of the Exceptions Meeting with IA and Procurement.</p>
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Other Internal Control Deficiency	<p>Finding 2 - Inaccurate Section 3 Program Utilization points scored.</p>	<p>Recommendation Management should reemphasize the requirements of the policy and procedure for applying preference on bids or proposals.</p>	<p>Procurement will conduct a thorough review of all Section 3 program utilization points scored in our procurement processes to identify and correct any inaccuracies.</p>	5/1/24	Completed	MR	<p>4/30/24: IA received the Section 3 Compliance Report form.</p>
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Observation	<p>Observation 1 - Inaccurate labor hours were reported in Procurement Activity Reports presented to the Board.</p>	<p>Recommendation Internal Audit recommends the creation of a Standard Operating Procedure to include the required steps and information necessary to complete accurate reporting. Management should also remind staff of the HUD guidelines when reporting labor hours.</p>	<p>Reports presented to the Board were never intended to match those reports that were submitted to HUD, but they were derived from Board member requests. To avoid confusion we will standardize those reports to match the information required by HUD.</p>	5/1/24	Completed	MR	<p>4/30/24: SOP and Compliance Report form was received by IA.</p>
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Observation	<p>Observation 3 - The Evaluation Group, consisting of Opportunity Home San Antonio staff, who were scoring the solicitations, inconsistently applied Preference Points for the SWMBE Utilization Statements on two of the ten solicitations reviewed by Internal Audit.</p>	<p>Recommendation Internal Audit recommends that a standard operating procedure be created to include a process on how to consistently and accurately apply preference points for SWMBE utilization statements provided by a contractor and/or vendor.</p>	<p>We have corrected this observation by centralizing the Section 3 and SWMBE scoring with the Section 3/SWMBE coordinator position. An SOP has already been created and implemented, specifying the point value for each criteria met.</p>	3/14/24	Completed	MR	<p>IA received the Scoring SOP on 4/30/24</p>
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Observation	<p>Observation 4 - Internal Audit was not provided, or was unable to locate, a Standard Operating Procedure for scoring a vendor during the RFP process.</p>	<p>Recommendation Internal Audit recommends a Standard Operating Procedure be created to include the required steps to accurately and consistently score a vendor during the RFP process.</p>	<p>Although guidance was provided, Procurement will create an SOP to formalize the process.</p>	3/14/24	Completed	MR	<p>4/30/24: IA received the Scoring SOP</p>
FY 23-24	3/11/24	Audit of Procurement Oversight of Vendor Compliance for Section 3 and SWMBE	Observation	<p>Observation 5 - It appears that no Section 3 and SWMBE vendor follow-up has been conducted.</p>	<p>Recommendation Internal Audit recommends a Standard Operating Procedure to be created to include steps on how to review vendor compliance regarding Section 3 and SWMBE good faith efforts.</p>	<p>Our Section 3 coordinator has been given a specific timeline for reaching out to vendors on specific dates each month to follow up with reporting and program compliance. An SOP for this timeline has already been created and implemented.</p>	3/14/24	Completed	MR	<p>The Section 3 coordinator has been given the information of when to reach out to vendors and how to properly collect and track information. IA received the timeline on 4/30/24.</p>

STATUS OF MANAGEMENT CORRECTIVE ACTION ITEMS as of 8/1/22

Completed

FY 23-24	8/28/24	Audit of Human Resources Recruitment Process	Other Internal Control Deficiency	<p>Finding 1 - Candidates who passed the minimum qualifications (MQs) requested on the job posting had dispositions changed from "Pass" to "Rejected; Did not meet MQs."</p>	<p>Recommendation Management should establish clear and transparent criteria for consistently evaluating minimum qualifications for all candidates. Management should also consider enhancing the review and approval process for any status changes from "Pass" to "Rejected; Did not meet MQs" and involve at least one additional reviewer to ensure objectivity and compliance with documented criteria.</p>	<p>The approach for corrective action will consist of the following: 1) Human Resources has worked extensively with executive leadership to review each position's minimum educational and experience requirements. This review was comprehensive and ensured equity for positions within each classification. The recruiter will ensure that each position posting contains the most up-to-date information regarding minimum qualifications. 2) Human Resources staff completed training in NeoGov Insight in May-June 2024, which gave us a better understanding of the screening questions and how they can be utilized. The assigned recruiter will review the screening questions, which will be revised to match the qualifications required per job post. Currently, the questions have been generic and do not fully assist with screening candidates for suitability to the positions for which they applied. The system will allow the recruiter to create questions that go beyond a "Yes" or "No" response, mitigating the likelihood of candidates clicking "Yes" to pass the screening criteria. 3) It should be noted that even with the implementation of more sophisticated screening questions, a recruiter will always need to screen candidates. This is more often true for candidates who have passed the screening criteria to ensure that the applicants meet the criteria. If a recruiter is going to reject candidates for not meeting the minimum qualifications after the new screening questions have been implemented, they will discuss and document this action in the weekly recruitment meetings.</p>	11/1/24	Completed	MR	4/30/24: IA received the supporting evidence.
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Internal Audit Update

November 20, 2024

Internal Audit Quarter 1 Activities

Support Strategic Outcomes

Internal Audit activities that support all strategic outcomes

- Continuing to work with CDI Family Self-Sufficiency (FSS) program on escrow review process and streamlining review to meet the changes in the FSS program direction
 - 26 escrows over \$5,000 were reviewed and approved for graduation in FY 2024-2025
 - A total of \$402,629.65
 - Average escrow: \$15,485.76
- Control Self-Assessment of Asset Management: Financing and Refinancing of Real Estate Assets
- Control Self-Assessment of Safety and Security: Triage High-Severity Incidents
- Audit of Beacon Communities: Affordable Program Regulatory and Fair Housing Compliance
- Audit of Community Development Initiatives: Grant Compliance and Financial Performance
- Audit of Beacon Communities: Repayment Agreements
- Audit of Public Housing: Affordable Program Regulatory and Fair Housing Compliance
- Standard Operations Compliance Audits of Public Housing, Assisted Housing Programs, Beacon Communities and Partnership Properties

Status

2023-2024 Audit Plan

Control Self-Assessment - Asset Management: Financing and Refinancing of Real Estate Assets

- The Board-approved Internal Audit Plan for FY 2023-2024 included the audit of Asset Management - Financing and Refinancing of Real Estate Assets; however, due to management changes in the Asset Management department, it was deemed necessary to first conduct an Asset Management Control Self-Assessment (CSA) for the Financing and Refinancing of Assets prior to conducting the audit.
 - The CSA will facilitate the creation of Standard Operating Procedures that include internal control processes related to financing and refinancing of assets.

Status

2023-2024 Audit Plan

Control Self-Assessment of Safety and Security: Triage High-Severity Incidents

- The Board-approved Internal Audit Plan for FY 2023-2024 included the audit of Safety and Security: Triage High-Severity Incidents; however, in light of recent activities, updates to the organization's approach, and ensuring policies align with being a Trauma Informed Care (TIC) organization, it was recommended to conduct a Control Self-Assessment prior to conducting the audit.
 - The CSA will evaluate the current Standard Operating Procedures (SOPs) and workflows. The CSA aims to facilitate the updates to the SOPs and workflows, and ensure internal control processes related to the triage of high-severity incidents are included.

Status

2023-2024 Audit Plan

Audit of Beacon Communities: Affordable Program Regulatory and Fair Housing Compliance

- Audit kick-off was held on April 4, 2024. Fieldwork has been completed and the draft report is in progress.
- Internal Audit reviewed the policies and procedures regarding affordable program regulations and fair housing compliance to ensure Opportunity Home San Antonio and Beacon Communities are in compliance with Federal and State Laws and the Fair Housing Act, and any relevant state or local government requirements are met.

Status

2024-2025 Audit Plan

Audit of Community Development Initiatives: Grant Compliance and Financial Performance

- Audit kick-off was held on July 30, 2024, and fieldwork is underway.
- Internal Audit is reviewing the policies and procedures regarding grant compliance and financial performance to ensure Opportunity Home San Antonio and Resident Services are in compliance with HUD requirements, Federal, State, and any relevant state or local government requirements are met, grant funds are utilized in accordance with the grant provisions, grant funds are used for the intended purposes, and expenditures made with grant funds are properly accounted for.

Status

2024-2025 Audit Plan

Audit of Beacon Communities: Repayment Agreements

- Audit kick-off was held August 5, 2024, and fieldwork is underway.
- Internal Audit will review the policies and procedures of Beacon repayment agreements to ensure Opportunity Home San Antonio and Beacon Communities are in compliance with Federal and State Laws, relevant state or local government requirements are met, repayment agreement forms are completed correctly, and monthly repayment amounts do not exceed 40% of Monthly Adjusted Income, repayment requirements and processes were completed and adhered to, and repayment agreement payments were collected and entered correctly and timely.

Status

2024-2025 Audit Plan

Audit of Public Housing: Affordable Program Regulatory and Fair Housing Compliance

- Audit kick-off was held October 8, 2024, and fieldwork is underway.
- Internal Audit is reviewing the policies and procedures regarding affordable program regulations and fair housing compliance to ensure Opportunity Home San Antonio and the Public Housing program are in compliance with Federal and State Laws and the Fair Housing Act, and any relevant state or local government requirements are met, and households participating in the program are provided with affordable housing options adhering to the U.S. Department of Housing and Urban Development (HUD) standards, where an occupant is paying less than 30% of their gross income for housing costs and utilities.

Status

2024-2025 Audit Plan

Compliance Audits | Focus on permanent documents, rent determination, and calculation

Assisted Housing Program

- Files reviewed were all digital
- Completed a total of 260 file reviews from July 1, 2024 - November 1, 2024

Public Housing

- 10% of occupied units with no less than 5 files reviewed per community
- All files are physical, follow-up of corrections is digitally reviewed
- Completed 22 PH and Mixed Income Communities (231 files)

Beacon Communities and Partnership Properties

- 10% of occupied units with no less than 5 files reviewed per community
- Completed 5 Beacon Communities (77 files)
- Completed 5 Partnership Properties (126 files)

Action Items

Status of Corrective Action Items resulting from Internal Audits

Currently, there are six (6) open action items

- Four action items are pending the release of updated policies and procedures
 - One is pending the completion of the creation of the PH Repayment Agreement SOP. The completion date has been rescheduled for November 15, 2024, pending execution of new management directives.
 - Two are pending updated Section 3 Program and Procurement Policy and Procedures, and staff training on the updated procedures. The updated policies and training are currently under review and have been rescheduled for January 31, 2025.
 - One is pending the update to the Human Resources “Full-Cycle Recruiting SOP,” and the creation of the “PAR SOP” and the “Insight to Onboard SOP”. The completion of these SOPs has been rescheduled to January 31, 2025, due to a change in management.
- One pending the implementation of a new Procurement process
 - The new process will monitor and verify all vendors to ensure they are reporting their Section 3 labor hours in accordance with federal regulations. This completion of this item has been rescheduled to December 31, 2024, to allow for review of contracts at renewal.
- One pending the review and updates to existing Procurement processes
 - The updated processes are pending the review and update to the employment goals in the Section 3 criteria outlined in contracts to ensure they are consistent with current federal regulations and guidance. This update rescheduled for December 31, 2024.

Status of Third Party Audits

Comprehensive Compliance Review

- HUD staff was onsite from May 13-17, 2024, to complete the 2024 Opportunity Home San Antonio Comprehensive Compliance Review
 - The following areas were reviewed:
 - Governance
 - Housing Choice Vouchers (HCV)
 - Violence Against Women Act (VAWA)
 - Public Housing (PH)
 - Section 3
 - MTW
 - FSS
 - ROSS
 - PBV

Action Items

Status of Corrective Action Items resulting from Third Party Audits

Currently, there are seven (7) open action items

- Two are pending language translation updates to Housing Choice Voucher (HCV) and Violence Against Women Act (VAWA) handouts. The expected completion date for these updates is November 8, 2024.
- One is pending the addition of a comprehensive checklist to each FSS participant's file to capture and track essential elements and case notes from client meetings. The expected completion date of this checklist is scheduled for December 1, 2024.
- One is pending the roll out and completion of the Call Center system. The expected completion date for this roll out is December 31, 2024.
- One is pending staff training to ensure all Individual Training and Service Plans (ITSPs) related to FSS Escrow disbursements include a comprehensive "Goal Obtained" section. The expected completion date for this training is March 1, 2025.
- One is pending a comprehensive file audit performed by CDI to ensure all 50058s and escrow credit worksheets are correctly filed in chronological order. The expected completion date of this review is scheduled for March 1, 2025.
- One is pending implementation of the Quick Response (QR) codes to track assets such as HVAC systems, boilers, water heaters, etc. for Public Housing. The expected implementation date of these codes is June 30, 2025. PH is in discussions with ELT for the implementation of the RFI tool. This tool will provide equipment tracking for all Opportunity Home supplied inventory and equipment.

Status of Third Party Audits

Emergency Housing Voucher Program (EHV) Financial and Program Review

- The Quality Assurance Division of HUD kicked off the audit on June 4, 2024.
- HUD was on site beginning June 4, and concluded the audit on June 7, 2024.
- The final report contained no findings or concerns and the review is now closed.

Questions?